

Message Text

UNCLASSIFIED

PAGE 01 COLOMB 00341 271110Z
ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 AID-05 CIAE-00 COME-00 FRB-01
INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02
CIEP-02 LAB-04 SIL-01 OMB-01 FSE-00 ABF-01 (ISO) W
-----271917Z 072138 /44

R 271010Z JAN 77
FM AMEMBASSY COLOMBO
TO SECSTATE WASHDC 6612
INFO AMEMBASSY NEW DELHI

UNCLAS COLOMBO 0341

NEW DELHI FOR FINANCIAL ATTACHE

E.O. 11652:N/A
TAGS: EFIN, CE
SUBJECT: CENTRAL BANK RAISES DISCOUNT RATE

REF: COLOMBO 0313

1. EFFECTIVE JANUARY 26, 1977 CENTRAL BANK OF CEYLON INCREASED
DISCOUNT RATE FROM 6.5 TO 8.5 PERCENT. STATEMENT
BY MONETARY BOARD DESCRIBED TWO PERCENTAGE POINT INCREASE,
WHICH IS FIRST CHANGE IN RATE SINCE JANUARY 1970, AS
"MERELY AN UPWARD ADJUSTMENT IN ORDER TO BRING THE BANK
RATE INTO ALIGNMENT WITH INTEREST RATES IN THE MARKET."
BOARD ALSO ANNOUNCED THAT INCREASE WOULD NOT LEAD TO
HIGHER COMMERCIAL BANK LENDING RATEES.

2. WHILE COMMERCIAL BANK LENDING RATES HAVE GRADUALLY
INCREASES SINCE 1970, LATEST CENTRAL BANK MONTHLY BULLETIN
(NOVEMBER 1976) SHOWS NO CHANGE IN INTEREST RATE
STRUCTURE SINCE MID-1975. AS MAJOR COMMERCIAL BANKS ARE
GSL ENTITIES, INTEREST RATES ARE CONTROLLED AND DO NOT
NECESSARILY REFLECT ACTUAL MARKET CONDITIONS.
ACCORDING TO A CENTRAL BANK SOURCE, INCREASE IN BANK
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 COLOMB 00341 271110Z

RATE WAS LARGE SYMBOLIC ACTION TAKEN TO SHOW SOME
EFFORT BEING MADE TO CONTROL RAPID INCREASE IN
LIQUIDITY (SEE REFTEL).
REED

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptoning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CENTRAL BANK, BANK RATES
Control Number: n/a
Copy: SINGLE
Sent Date: 27-Jan-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977COLOMB00341
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770030-0221
Format: TEL
From: COLOMBO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770114/aaaaalqm.tel
Line Count: 59
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 48cc38d0-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 COLOMBO 313
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 30-Sep-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3488728
Secure: OPEN
Status: NATIVE
Subject: CENTRAL BANK RAISES DISCOUNT RATE
TAGS: EFIN, CE
To: STATE
Type: TE
vdkvgwkey: odbc://SAS/SAS.dbo.SAS_Docs/48cc38d0-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009